

## Message Text

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71-61

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 TRSE-00 SSO-00 NSCE-00

USIE-00 INRE-00 AGR-05 CIAE-00 COME-00 INR-07 LAB-04

NSAE-00 SP-02 STR-04 CIEP-01 FRB-03 OMB-01 L-03 H-02

DODE-00 PA-01 PRS-01 SS-15 NSC-05 TAR-01 /085 R

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EUR/RPE:AALBRECHT (SUBS)

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

INFO USMISSION GENEVA IMMEDIATE

USDEL MTN GENEVA IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

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E.O. 11652: ADS, DECLAS 11/25/75

TAGS:ETRD, EC, EGEN

SUBJECT: COUNTERVAILING DUTY INVESTIGATION -- CANNED HAMS

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REF: STATE 276341

1. FOLLOWING IS TEXT OF TREASURY NOVEMBER 25 PRESS RELEASE. BEGIN TEXT. DETERMINATION IN COUNTERVAILING DUTY INVESTIGATION OF EC CANNED HAMS AND SHOULDERS

ASSISTANT SECRETARY OF THE TREASURY DAVID R. MACDONALD ANNOUNCED TODAY THAT A FINAL DETERMINATION THAT BOUNTIES OR GRANTS EXIST HAS BEEN MADE IN THE COUNTERVAILING DUTY INVESTIGATION OF CANNED HAMS AND SHOULDERS EXPORTED FROM EUROPEAN COMMUNITY COUNTRIES, BUT THAT ADDITIONAL DUTIES ARE BEING WAIVED UNDER THE PROVISIONS OF THE TRADE ACT OF 1974. NOTICE OF RECEIPT OF PETITION IN THIS CASE WAS PUBLISHED IN THE FEDERAL REGISTER OF JANUARY 15, 1975, AND A PRELIMINARY DETERMINATION THAT BOUNTIES OR GRANTS EXIST WAS PUBLISHED JUNE 30, 1975.

MR. MACDONALD SAID THERE HAVE BEEN A SERIES OF REDUCTIONS IN RESTITUTION PAYMENTS ON CANNEDHAMS EXPORTED TO THE U.S. FROM EC COUNTRIES FROM A HIGH OF 57 UNITS OF ACCOUNT PER 100 KILOS IN SEPTEMBER 1973 TO 20 UNITS OF ACCOUNT EFFECTIVE NOVEMBER 10, 1975. FURTHERMORE, HE NOTED, EC EXPORTS OF HAMS TO THE U.S. HAVE BEEN DECLINING FOR THE PAST 2 YEARS. IN THIS PERIOD THE PAYMENTS HAVE IN TOTAL BEEN REDUCED FROM 39 CENTS LB. TO 15 CENTS LB. FOR CANNED HAMS FROM THE NETHERLANDS. (PAYMENTS VARY SLIGHTLY IN DOLLAR TERMS AMONG THE INDIVIDUAL MEMBER STATES OF THE EC.)

BASED ON THESE ACTIONS, AND GIVEN THE PRESENTLY FAVORABLE PRICE FOR HOGS IN THE U.S., AND THE ABSENCE OF AGGRESSIVE MARKETING BY EC COUNTIRES OF THESE PRODUCTS, MR. MACDONALD SAID THAT HE BELIEVES THAT THE CONCERNS OF THE DOMESTIC INDUSTRY HAVE BEEN MET FOR NOW. THIS DECISION FOLLOWS CONSULTATIONS BY THE TREASURY DEPARTMENT WITH OTHER AGENCIES OF THE EXECUTIVE BRANCH, INTERESTED MEMBERS OF THE CONGRESS, AS WELL AS WITH REPRESENTATIVES OF THE U.S. SWINE INDUSTRY.

IN MAKING FUTURE ASSESSMENTS AS TO WHETHER THE REMAINING RESTITUTION PAYMENTS ARE HAVING AN ADVERSE EFFECT ON THE U.S. INDUSTRY, MR. MACDONALD INDICATED THAT THE STATE OF LIMITED OFFICIAL USE

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THE INDUSTRY WOULD BE EVALUATED FROM TIME TO TIME.

AMONG THE FACTORS TO BE TAKEN INTO ACCOUNT WOULD BE SUCH THINGS AS IMPORT PENETRATION BY EC PRODUCTS, CONSUMPTION TRENDS IN THE U.S., PROFITABILITY OF THE U.S. INDUSTRY, AND THE COST OF INPUT FOR U.S. PRODUCERS, BEST EXPRESSED BY THE SO-CALLED HOG-CORN RATIO. UNDER TERMS OF THE WAIVER, COUNTERVAILING DUTIES WILL NOT BE IMPOSED ON

THOSE CANNED HAMS AND SHOULDERS STILL BENEFITTING FROM  
RESTITUTION PAYMENTS SO LONG AS THE CONDITIONS MENTIONED  
ABOVE CONTINUE TO PREVAIL. OF COURSE, ANY CHANGE IN  
THOSE CONDITIONS WOULD RESULT IN CONSULTATIONS WITH THE  
EC, WITH THE POSSIBILITY THAT FURTHER ADJUSTMENTS IN  
THE REMAINING LEVEL OF RESTITUTION PAYMENTS MIGHT BE  
REQUESTED.

SECTION 331 OF THE TRADE ACT UNDER WHICH THIS ACTION IS  
BEING TAKEN, PROVIDES THAT THE SECRETARY OF THE TREASURY  
MAY, FOR FOUR YEARS FOLLOWING ENACTMENT OF THE ACT,  
WAIVE COUNTERVAILING DUTIES OTHERWISE ASSESSABLE ON AN  
IMPORT IF HE DETERMINES THAT ADEQUATE STEPS HAVE BEEN  
TAKEN TO REDUCE SUBSTANTIALLY OR ELIMINATE THE ADVERSE  
IMPACT OF ANY BOUNTY OR GRANT; THAT THERE IS A REASONABLE  
PROSPECT FOR SUCCESSFUL MULTILATERAL TRADE NEGOTIATIONS;  
AND THE IMPOSITION OF THE WAIVED DUTIES WOULD BE  
LIKELY TO SERIOUSLY JEOPARDIZE THOSE NEGOTIATIONS. THE  
WAIVER MUST BE REVOKED IF THE BASIS SUPPORTING THE  
DETERMINATION CEASES TO EXIST. THE WAIVER IS SUBJECT  
TO REVIEW BY THE CONGRESS, AND A REPORT SETTING FORTH  
THE CIRCUMSTANCES AND CONDITIONS OF THIS ACTION WILL SEND

TO THE SPEAKER OF THE HOUSE AND PRESIDENT OF THE SENATE  
VERY SHORTLY.

DURING 1974 IMPORTS OF CANNED HAMS AND SHOULDERS FROM EC  
COUNTRIES WERE 235 MILLION DOLLARS. END TEXT.

2. TEXTS OF FEDERAL REGISTER NOTICES WILL BE CABLED  
ASAP. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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